

**Before the
Federal Communications Commission
Washington, DC 20554**

In re: Application of)
)
)

Citizens Communications Company)

and)

Commonwealth Telephone Enterprises, Inc.)
)

For Section 214 Authority to Transfer)
Control of Domestic and International)
Authorization)
)
_____)

File No. ITC-T/C-20060929-00450
WC Dkt. No. 06-184

COMMENTS OF VCENTRIX, INC.

vCentrix, Inc. (“vCentrix” or “Company”), through its undersigned counsel, respectfully submits these Comments in response to the Commission’s request for comments on the section 214 application for the transfer of control of Commonwealth Telephone Enterprises, Inc. (“Commonwealth”) to Citizens Communications Company (“Citizens”) (“Application”).¹ The Application fails to demonstrate how combining two large telephone monopolies with service areas in the Northeastern United States - thereby increasing their market power and financial strength - will serve the public interest. In fact, vCentrix has serious concerns that the proposed acquisition will adversely affect the public interest by impeding consumer access to competitive

¹ *Domestic Section 214 Application Filed for the Transfer of Control of Commonwealth Telephone Enterprises, Inc. to Citizens Communications Company*, Public Notice, Non-Streamlined Pleading Cycle Established, WC Docket No. 06-184, DA 06-2231 (rel. October 27, 2006).

telecommunications services, particularly within the service areas in which Commonwealth is the incumbent local exchange carrier. As discussed more fully below, Commonwealth's subsidiaries, Commonwealth Telephone Company ("CTC") and CTSI, LLC ("CTSI"), have engaged in anticompetitive tactics that have harmed vCentrix significantly. vCentrix is concerned that such tactics will be heightened should Commonwealth have access to greater resources and the ability to exploit a larger territory as a result of the proposed acquisition by Citizens. Emboldened by the acquisition, Commonwealth may take steps to more aggressively impede competition, removing all viable options for consumers. Accordingly, vCentrix submits these brief comments to inform the Commission of the Commonwealth anticompetitive tactics encountered by vCentrix, which may very well be endemic behavior of the Commonwealth monopoly and should be weighed by the Commission when assessing the public interest impact of the proposed acquisition.

I. INTRODUCTION

vCentrix is a Massachusetts corporation that provides wholesale domestic and international commercial customers with a full range of Internet Protocol ("IP") based applications, back office systems, and related services to enable its customers to offer voice over Internet Protocol ("VoIP") services. vCentrix customers include competitive local exchange carriers ("CLECs"), cable TV providers, and Internet Service Providers ("ISPs"). vCentrix offers a world class VoIP network with an integrated, branded web-based operation support systems ("OSS") designed for a vast number of market channels. vCentrix's network meets the highest industry standards.

II. THE ANTICOMPETITIVE DEVICES OF COMMONWEALTH RAISE SERIOUS QUESTIONS ABOUT THE CLAIMED BENEFITS OF THE ACQUISITION.

Although Commonwealth and Citizens claim that the proposed acquisition will enhance competition,² Commonwealth's actual practices indicate a much different agenda, one that uses market power to eliminate competition. Commonwealth's subsidiary, CTC, is a monopoly carrier that enjoys control over a territory of approximately 5,000 square miles with a population of approximately 450,000 people. In vCentrix's experience, CTC has engaged in anticompetitive tactics to protect its market share in its incumbent service areas, and to obstruct competition in CTSI's territory. Not only has Commonwealth, through its CTC subsidiary, opposed the applications of competitors interested in expanding their authorized service areas to include servicing customers in rural Pennsylvania exchanges,³ but Commonwealth has used its subsidiary, CTSI, which competes in competitive Pennsylvania markets, to impede competition in such competitive markets and to obtain agreements that such competitors will not compete in CTC's territory. Rather than compete for customers by providing innovative, price-competitive services, Commonwealth works to eliminate all competitors - those inside and outside Commonwealth's rural territory.

For example, earlier this year, vCentrix entered into an Agreement with CTSI for facilities and services that would be used in the provision of a hosted VoIP service to cable

² Application of Citizens Communications Company ("Citizens") and Commonwealth Telephone Enterprises, Inc. ("Commonwealth") for Section 214 Authority to Transfer Control of Domestic and International Authorization, at 8 (filed September 29, 2006) ("Application").

³ *e.g.*, Application of RCN Telecom Services, Inc. for approval to Amend its Certificate of Public Convenience to offer, render, furnish, or supply telecommunications services to the public as a Competitive Local Exchange Carrier in the service territory of Commonwealth Telephone Company (Docket. No. A-310554F0002).

company customers.⁴ Two months after execution of the Agreement between vCentrix and CTSI and following completion of the installation, activation and testing of facilities and services, CTSI approached vCentrix requiring that vCentrix agree to amend the Agreement to prevent vCentrix and its cable company customer from serving end user customers in the footprint/territory of CTC, which was not a party to the Agreement. Concerned about the implications of such an agreement under antitrust laws, as well as the impact of such an agreement on its customer's and its own business, vCentrix refused to execute the amendment and requested discussions with CTSI and CTC to resolve the matter. CTSI avoided meaningful discussions and refused to perform under the Agreement.

Although CTC's attempt to use CTSI to extract a non-compete agreement from a competitor was unsuccessful in this instance, such tactics may prevail over other small competitors due to CTC/CTSI's disproportionate economic power, particularly if the proposed merger and transfer of control to Citizens is approved. At a minimum, CTC/CTSI's tactics impose significant costs on companies competing with CTSI. vCentrix is concerned that Commonwealth's demonstrated anticompetitive behavior may increase, to the detriment of consumers, if the Commission grants the Application without pro-competitive conditions. As noted in its Application, CTSI began operations in 1997 to provide competitive telecommunications services and CTSI will continue to be operated as a competitive carrier following the merger.⁵ Therefore, Commonwealth will likely continue to encourage the practice of insisting upon non-compete agreements from competitive carriers that have entered into agreements with, and have expended resources to do business with, CTSI.

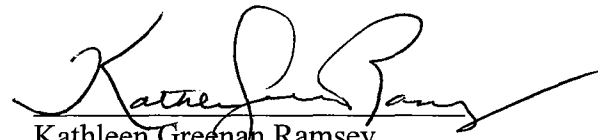
⁴ Application at Exhibit A.

⁵ Application at 4.

III. CONCLUSION

In conclusion, vCentrix respectfully requests that the Commission take into consideration the anticompetitive actions of CTSI and CTC discussed herein in evaluating whether the acquisition of Commonwealth by Citizens will serve the public interest. vCentrix submits that such acquisition will only serve to embolden Commonwealth to increase its anticompetitive actions to the detriment of consumers. Accordingly, vCentrix urges the Commission to deny the Application, or, in the alternative, to approve it with pro-competitive, pro-consumer conditions, including a specific condition that CTC and its subsidiaries and affiliates are prohibited from insisting upon contractual non-compete provisions in any service areas.

Respectfully submitted,



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CERTIFICATE OF SERVICE

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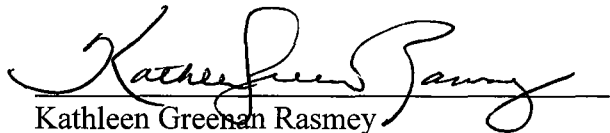
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